

MONTANA BOARD OF HOUSING

Best Western Great Northern Inn

1345 1<sup>st</sup> St

Havre MT 59501

May 8, 2006

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)  
Judy Glendenning, Vice Chairman (Present)  
J.P. Crowley, Secretary (Present)  
Susan Moyer (Present)  
Audrey Black Eagle (Present)  
Jeff Rupp (Present)  
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director  
Mat Rude, Multifamily Program Manager  
Charles Brown, Homeownership Program Specialist  
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

OTHERS: Gordon Hoven, Piper Jaffray  
Alan Hans, Piper Jaffray, Minneapolis  
Nan Gabriel, Property West  
Betty Ann Morgan, Property West  
Kim Grippe, Havre Mt Realty  
Lynda Taplin, Heritage Bank  
Diane Savastan Getten, District IV HRDC  
Russ Getten, Northern Land & Realty  
Kris Honrud, First Security Bank  
Suzie David, USDA Rural Development – Great Falls  
Cindy Schubert, Northern Land & Realty  
Kathy Bessette, Hill County Commissioner  
James Severson  
Mary Blair, Flynn Realty, Inc.  
Jima Severson, Property West  
Kreg Jones, D A Davidson

## **CALL MEETING TO ORDER & APPROVAL OF MINUTES**

Chairman Bob Thomas called the meeting to order at 8:30 a.m. Jeff Rupp moved to approve the April 10 minutes as corrected. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Judy Glendenning moved to approve the April 24<sup>th</sup> and 26<sup>th</sup> Conference Call minutes. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

## **PUBLIC COMMENTS AND INTRODUCTIONS**

The Chairman asked the Board, staff, and guests to introduce themselves. Bruce thanked the Hi-line Board of Realtors for providing treats for the meeting.

## **PUBLIC COMMENTS**

Guests said they love Montana Board of Housing (MBOH) programs and have personally benefited from the program. Many people in the area don't have the funds needed for higher rates and for down payment and closing costs. It takes two incomes in this area to purchase a home and every dollar is valuable. The lenders use MBOH loans 80% of the time. They have smaller homes in the area that need rehab to become affordable housing. The average home price for a 3-bedroom home is \$101,000. Most of the homes in the area are on wells. There have not been housing developers in the area; however, they expect some expansion because of growth in the economy.

Rentals in the area are usually full and there is a need for more low-income units. There are 400 people on the Section 8 wait list in the area.

## **PROMOTIONAL PROGRAM**

Bruce Brensdal informed the Board that Anastasia Burton started today. Betsy Scanlin said she heard the radio spots on mortgage foreclosure lending.

## **ACCOUNTING PROGRAM**

Bruce presented the Average Yield & Diversification Report and the Budget Report. The Budget Report shows 48% of the budget spent for 75% of the fiscal year.

## **MULTIFAMILY PROGRAM**

Mat Rude informed the Board that Sage Tower submitted an application for a conduit deal or risk-share project. It is a Senior Project in Billings and will be presented to the Board at the next meeting.

The rule changes to increase the lump sum payment limit from \$10,000 to \$30,000 for the Reverse Annuity Mortgage (RAM) Program has been posted at the Secretary of State's office. The loan amount increase from \$100,000 to \$150,000 does not require a rule change.

The Franklin School tax credit project in Great Falls has a 5-year loan with a balloon payment from the revolving loan account. They have notified MBOH that they cannot make payments at this time. MBOH will send a notice of default.

The Lincoln Springs Project in Billings notified MBOH that they were returning the tax credits. Staff recommended using the credits to fully fund the amount requested by Fort Belknap, then allocate the next project above the 90-point threshold to qualify which was Crest View in Bigfork. The remaining credits would carry forward. Judy Glendenning moved to transfer the credits as recommended by staff. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat presented some talking points for the 2007-2008 Qualified Allocation Plan (QAP) for the May 18<sup>th</sup> & 19<sup>th</sup> meeting. Betsy would like to see a requirement for public notice. Susan mentioned that CDBG and HOME funding require public hearings on the application and needs assessment. Mat the QAP being developed now will be for two years.

Mat presented a Reverse Annuity Mortgage (RAM) Program exception for a lump sum payment of \$22,000. Judy Glendenning moved to approve the RAM exception. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Betsy said she would like a report of the amount of funds committed each month or quarter for RAM.

### **HOMEOWNERSHIP PROGRAM**

Bruce introduced Kreg Jones of D. A. Davidson who gave an overview the service they provide to MBOH. Next, Alan Hans and Gordon Hoven updated the Board on the service that US Bancorp Piper Jaffray provides to MBOH.

Charles Brown of Homeownership Program gave an update on the MCC Program, which has issued one certificate. The quarterly Delinquency Report and Delinquency Analysis show our lenders are doing a good job. The 2006 B bond issue is going out quickly, especially since the purchase price limits has increased. Charlie handed out information on the Cost of Issuance for bond issues. The current rate is 5.75%. Local rate are around 6.5%. The setaside rate goes to 5.5% on June 1. At that time the HOME Program comes out with down-payment assistant funds, which will be more of a pool rather than a grant application process. Betsy requested a few scenarios of mortgage payment and what needs to be financed. Charlie noted that MBOH pays 2% and that helps keep closing costs down.

Staff proposed a Recapture Tax Resolution to reimburse borrowers who have a recapture tax when selling their home to discourage that reason for not using MBOH loan products. Bruce read comments from Sheila Rice at NHS who said that Homebuyer Education points out that recapture tax applies to very few borrowers, yet it is used to discourage borrowers from using MBOH programs. J. P. Crowley moved to adopt the Recapture Tax Resolution. Judy Glendenning seconded the motion. The Chairman asked for public comments. In a roll call vote, Susan Moyer, Judy Glendenning, Audrey Black Eagle, J. P. Crowley, and Bob Thomas voted in favor of the motion and Betsy Scanlin and Jeff Rupp voted against the motion on the basis that paying it does not assure that lenders explain the payment and do not continue to use recapture tax as a reason to discourage borrowers. The motion passed.

Charlie updated the Board on the roundtable discussion regarding the 35% land to appraised value. Staff presented four options to the Board and asked for direction to give lenders. Jeff stated he is not concerned about whether water and sewer is in the city, he cares only about situations where the land to value is over 35% being on individual wells and septic polluting ground water. Judy said restrictions would limit options to service people. Betsy said it doesn't address the size of lots and location to prevent sprawl. Betsy Scanlin moved to approve the option of land to value over 35% if the property is on both a city or public water system and a city or public sewer system as approved by Department of Environmental Quality (DEQ). Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

The setaside program was using up the Pre-Ullman funds, therefore, MBOH is using .25% of the latest bond issue for setaside loans that qualify to conserve Pre-Ullman funds. Bruce said there will possibly be a request from the Rocky Boy reservation to purchase homes using setaside funds. Mat requested \$2 million in authority for the Reverse Annuity Mortgage (RAM) Program. Betsy Scanlin moved to approve the request. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

### **EXECUTIVE DIRECTOR**

Bruce Brensdal gave an update on the Montana House.

He asked which conferences the individual Board members wanted to attend.

The next meeting is scheduled for June 6<sup>th</sup> in Helena. Meetings are tentatively planned for July 13<sup>th</sup> in Miles City/Glendive, August 18<sup>th</sup> in possibly in Lolo, September 22 in Great Falls, October 20<sup>th</sup>, and November 17.

The meeting adjourned at 12:05 p.m.

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J. P. Crowley, Secretary

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Date